

EMTS Annual Compliance

Introduction

Welcome to the EMTS tutorial on Annual Compliance.

This tutorial will provide an overview of what is required for annual compliance and will help parties comply with the RFS2 program regulations.

However, this tutorial does not in any way alter the requirements of those regulations.

Guidance for RFS2 Annual Compliance

This guidance applies to obligated parties as described in 40 CFR section 80.1406 as well as exporters as described in 40 CFR section 80.1430.

If your organization is registered for multiple business activities, such as refiner, importer, or exporter, each business activity must be reported separately.

New features have been implemented in the EMTS application to facilitate compliance reporting.

All obligated parties must submit an RFS2 Annual Compliance Report, which is available at the address shown, and is based on the Retire for Obligation transactions completed by your organization.

If you are responsible for multiple organizations you will need to submit multiple reports.

Obligated parties must also submit all of the information listed in section 80.1451(a) of the CFR. The majority of that information is included in the RFS2 Annual Compliance Report.

If your organization is retiring RFS1 RINs you must use the RFS0201 RFS1 RIN Transaction Report.

Note: RFS1 RINs are only applicable for the 2010 and 2011 compliance years.

Please click Next to continue.

Which RINs Satisfy Each RVO?

The RFS2 RVOs are "nested," meaning that certain types of RINs can be used to satisfy multiple RVOs. D code 3 RINs can satisfy the RVO for Cellulosic Biofuel, Advanced Biofuel, and Renewable Fuel.

D code 4 RINs can be used to satisfy Biomass-Based Diesel, Advanced Biofuel, and Renewable Fuel RVOs.

D code 5 RINs can be used to satisfy Advanced Biofuel and Renewable Fuel RVOs.

D code 6 RINs can only be used to satisfy the Renewable Fuel RVO.

Finally, D code 7 RINs can be used to satisfy any RVO, however, they may not be used to satisfy the RVO for both Cellulosic Biofuel and Biomass-Based Diesel.

RINs may be used to satisfy multiple RVOs in the same compliance year.

RINs can only be used in one compliance year, for example an obligated party cannot use a D5 RIN to fulfill the advanced biofuel RVO one year and then use the same RIN to fulfill the renewable RVO the next year.

However, an obligated party can use a D5 RINs to satisfy both the advanced biofuel RVO and the Renewable fuel RVO in the same compliance year.

Please click Next to continue.

Trading and Compliance Deadlines

RFS1 and RFS2 RINs may be traded until February 28th following the end of the compliance year. In order to meet the RFS2 compliance deadline all transactions must be completed and processed by the February 28th deadline.

If EMTS is unable to process the retire transactions by February 28th, then those RINs will not be available for compliance that year.

Therefore, it is suggested that obligated parties complete all retire transactions by February 21st.

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Compliance Best Practices

Because transactions must be processed by February 28th it is highly recommended that parties with large RVOs start as early as possible.

Web application users should not retire more than 1 million RINs per transaction.

Retire transactions involving more than 1 million RINs should be submitted via XML.

All XML retire transactions should be submitted at least one week before the deadline.

Finally, users should limit retire XML files to increments of 100 million RINs and should submit multiple XML files if they need to retire more than 100 million RINs.

Users should wait for the XML submission to finish processing in EMTS before submitting additional files.

Note: Failure to wait until the submission has finished processing will likely result in excess RINs being retired.

Please click Next to continue.

View Aggregate RINs Retired for Obligation Page

Here is the View Aggregate RINs Retired for Obligation page which can be accessed in the EMTS web application by selecting the Reports menu and choosing the Compliance Data option.

This page lists the total number of RINs retired for each fuel or D code by compliance level.

For example on line one you can see the total number of Advanced Biofuel D5 RINs that have been retired for compliance as an Importer.

On line two you can see the total number of Advanced Biofuel D5 RINs that have been retired for compliance as an aggregate refiner.

Remember that if your organization is registered for multiple business activities, such as refiner and importer, the RVOs associated with each business activity must be satisfied separately.

Also, as will be discussed in further detail later in this presentation, refiners can comply at the facility level or in aggregate.

Please click Next to continue.

RFS2 Report Instructions and Templates

This is where you can download the RFS2 Annual Compliance Report that you will need to fill out and submit to EPA.

You can access this page from the address shown in the navigation bar.

There is also a link to this page on the last slide of this tutorial.

You can use the information from the Compliance Data page shown on the previous slide to complete this report.

Additionally, there is specific guidance from EPA located in the same place as this report.

Please click Next to continue.

Deficit Carryovers

An obligated party or renewable fuel exporter that fails to meet its obligation in a given year may carryover a deficit into the following year if they meet certain requirements.

First, the deficit may not be carried over from a previous year for the specific RVO.

Second, the party must meet all RVOs of the deficit category in the following year.

Please click Next to continue.

Nested Obligations

Renewable fuel exporters that have an RVO other than renewable fuel incur nested obligations.

For example a biodiesel exporter will have a Biomass-Based Diesel RVO, an Advanced Biofuel RVO, and a Renewable Fuel RVO, but not a Cellulosic Biofuel RVO.

This table lists all of the nested obligations an exporter might incur pursuant to 40 CFR section 80.1407.

Please click Next to continue.

Selecting Compliance Levels

As mentioned earlier, under RFS2 refiners of gasoline and/or diesel must select a compliance level. Importers and exporters must comply in aggregate.

Refiners may comply in aggregate or on a refinery-by-refinery basis.

Refiners must indicate in OTAQReg: Fuels Programs Registration application whether they will be complying in aggregate or on a refinery-by-refinery basis.

Please contact the EMTS Support line with any questions about using OTAQReg.

Contact information for the EMTS support line can be found on the Technical Support section of the EMTS Support website.

If a refiner is carrying a deficit they must comply in the same manner as the previous year.

Please click Next to continue.

Other Resources

There are many additional resources available on EPA's website that will help you with compliance.

First, you should be sure to consult EPA's guidance for RFS2 compliance available at www.epa.gov/otaq/fuels/reporting/rfs.htm.

If you are using the web application to submit retire transactions you should consult the Retire RIN Transactions tutorial.

Finally, if you are submitting the retire transactions via XML you may want to consult the Submitting XML through the EMTS Website tutorial.

These tutorials as well as additional documentation and FAQs can be found on the EMTS Support Site.

Please click Next to continue.

Conclusion

In this tutorial you learned that all RFS2 retire transactions must be submitted through EMTS, after which you must download, fill out, and submit the RFS2 Annual Compliance Report from the location shown.

You learned that refiners must select a compliance level in OTAQReg and that the deadline for processing retire transactions for compliance is February 28th.

Parties with large obligations should submit using XML files, submit the files early, and submit in increments of no more 100 million RINs.

Finally, parties can carryover RVO deficits; however, those deficits are subject to limitations.

This concludes the Annual Compliance Tutorial.

Please click Next when you are done.